

HOUSE No. 2435

By Mr. Marzilli of Arlington, petition of J. James Marzilli, Jr., and others for legislation to require corporate tax disclosure. Revenue.

The Commonwealth of Massachusetts

PETITION OF:

J. James Marzilli, Jr.	Patricia D. Jehlen
David Paul Linsky	Dianne Wilkerson
James B. Leary	John W. Scibak
Timothy J. Toomey, Jr.	

In the Year Two Thousand and Five.

AN ACT REQUIRING CORPORATE TAX DISCLOSURE.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 62C of the General Laws is hereby
2 amended by inserting after Section 12 the following:—
3 Section 12B. (a) Each bank, insurance company, and publicly-
4 traded corporation obligated to file both a report pursuant to the
5 Securities and Exchange Act of 1934 and successor acts or
6 Title 12 of the United States Code or section seven of chapter one
7 hundred sixty-seven or section twenty-six of chapter one hundred
8 sixty-eight or section eighteen of chapter one hundred seventy or
9 section twenty-two of chapter one hundred seventy-two or section
10 twenty-five of chapter one hundred seventy-five and a tax return
11 pursuant to section eleven (a) or section twelve (a), (c), (d), (e), or
12 (f) of this chapter shall, on or before March first of each year,
13 report to the state secretary certain information from such tax
14 return on a form prepared by the state secretary. Any entity which
15 files a consolidated return shall report to the state secretary on a
16 consolidated basis and shall list all entities so consolidated. Such
17 form shall be treated as a report for the purposes of section one
18 hundred twelve of chapter one hundred fifty-six (B), section nine
19 of chapter one hundred eighty-one, and sections seven and eight

20 of chapter one hundred sixty-seven and as part of the annual
21 report for purposes of section twenty-six of chapter one hundred
22 and seventy-five.

23 An amended form shall be filed within thirty days of any rele-
24 vant change to the return made by the taxpaying entity or ordered
25 by the commissioner.

26 (b) The forms prepared by the secretary shall be made available
27 to the entities required to report under this section no later than
28 January first of each year. Such form shall require the reporting
29 of information from the return, schedules and attachments rele-
30 vant to calculation of tax liability and to the effect of apportion-
31 ment rules, exemptions, deductions, and credits on the tax liability
32 of entities subject to this reporting requirement. Said forms shall
33 require information which includes, but which is not limited to,
34 the following, as applicable: name of entity; street address of
35 principal office; net and gross income and assets, including, where
36 applicable, gross profit, taxable Massachusetts tangible property,
37 taxable net worth, gross receipts or sales, net income, total net
38 taxable income, income subject to apportionment, income taxable
39 in Massachusetts, total net and gross direct premiums in or allo-
40 cable to Massachusetts, taxable premiums, gross investment
41 income, Massachusetts taxable investment income, net under-
42 writing profit, admitted assets, total adjusted taxable income; each
43 deduction, exemption, credit, offset, adjustment or credit carry-
44 over which reduces income subject to taxation (including to a neg-
45 ative level) or otherwise affects tax liability; the percentage used,
46 if any, to establish what portion of total net taxable income is
47 apportioned to Massachusetts; the total Massachusetts excise or
48 tax due; the total Massachusetts excise or tax paid; any excess tax
49 credit or credits subject to carryover to future years; and its net
50 income according to its books on its federal return. In no case
51 may the secretary require the reporting of any information not
52 required on the return, schedules, or attachments provided to the
53 commissioner.

54 (c) Any bank, insurance company, or publicly-traded corpora-
55 tion covered by this section which chooses to supplement the fore-
56 going information with additional information from its tax return,
57 may request, in writing, of the state secretary that such bank,
58 insurance company, or publicly-traded corporation be allowed to

59 append to the form such additional information. Such permission
60 shall not be unreasonably denied.

61 (d) The commissioner shall annually notify all banks, insurance
62 companies, and publicly-traded corporations of the obligations
63 under this section. The first notice shall be given within thirty
64 days after enactment of this section.

65 (e) By April first of each year the state secretary shall make
66 public (i) all forms filed pursuant to this section with the state sec-
67 retary and (ii) a list of those banks, insurance companies, and pub-
68 licly-traded corporations required to report under this section. All
69 amendments or late filings shall be made public within thirty days
70 of submission to the state secretary.

1 SECTION 2. Subsection (b) of section twenty-one of
2 Chapter 62C of the General Laws is hereby amended by inserting
3 after paragraph (20) the following:—

4 (21) The full exercise of any of the activities required of either
5 the commissioner or the state secretary by section twelve B of this
6 chapter.

1 SECTION 3. Section five B of Chapter 29 of the General Laws
2 is hereby amended by inserting at the end of the third paragraph
3 the following:—

4 The report of such estimates shall include, for every then-cur-
5 rent tax expenditure enacted, extended or modified subsequent to
6 January first of 1988, a detailed analysis of the revenue foregone
7 based on the most recent fiscal year for which data is available or
8 can reasonably be obtained. Said analysis shall include, but need
9 not be limited to, the number and proportion of taxpayers or tax-
10 paying entities benefiting from the tax expenditure, by income,
11 gross profit, gross receipts, or sales and the distribution of benefit
12 across taxpayers or taxpaying entities with different income, gross
13 profit, gross receipts or sales. To the extent possible, such
14 analysis shall be based on data gathered from actual tax returns.
15 Such analysis need not be provided for tax expenditures for which
16 the revenue foregone did not exceed one million dollars in the
17 most recent fiscal year for which data is available.